

## Message Text

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63

ACTION OPR-02

INFO OCT-01 AF-06 ISO-00 /009 W  
----- 019065

R 211526Z AUG 75  
FM AMEMBASSY LAGOS  
TO AMEMBASSY ABIDJAN  
AMEMBASSY ACCRA  
AMEMBASSY BAMAKO  
AMEMBASSY BANGUI  
AMEMBASSY BUJUMBURA  
AMEMBASSY COTONOU  
AMEMBASSY KIGALI  
AMEMBASSY KINSHASA  
AMEMBASSY LIBREVILLE  
AMEMBASSY LOME  
AMEMBASSY LUSAKA  
AMEMBASSY NDJAMENA  
AMEMBASSY NIAMEY  
AMEMBASSY NOUACHOTT  
AMEMBASSY OUAGADOUGOU  
AMEMBASSY YAOUNDE  
AMCONSUL IBADAN  
AMCONSUL KADUNA  
AMCONSUL LUBUMBASHI  
AMCONSUL BUKAVU  
INFO SECSTATE WASHDC 816

UNCLAS LAGOOS 8138

FROM WACASC

DEPARTMENT FOR A/OPR AND AF/EX

1. AECWA IS HAVING FINACILA DIFFICULTIES. ACCORDING TO THE  
FINANCIAL REPORT FOR THE FIRST HALF OF 1975 ITS LIQUIDITY RATIO  
HAS CONTINUED TO DROP AT AN UNACCEPTABLE RATE, DESPITE THE FACT  
THAT OPERATIONAL COST HAVE ALSO BEEN REDUCED. THIS MEANS THAT  
ITS CASH FLOW IS INSUFFICIENT TO MEET IST OBLIGATIONS. BILLS ARE  
BEING HELD FOR YP/0 TO 90 DAYS BEFORE SUFFICIENT FUNDS ARE ACCUMULATE  
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ACCUMULATED

TO PERMIT PAYMENT, AND CREDITORS ARE GROWING INCREASINGLY RESTIVE.

2. THERE ARE SEVERAL REASONS FOR THIS SITUATION; INCREASED PURCHASING BY SERVICED POSTS AND LONGER LEAD TIMES ON ORDERS NECESSITATES A LARGER

INVENTORY; PRICE INCREASES HAVE BEEN APPLIED ONLY TO NEW MERCHANDISE AND

MARK-UPS HAVE BEEN HELD TO A MINIMUM IN ORDER TO REDUCE CUSTOMER PRICES; AND UNFORTUNATELY, NOT ALL POSTS PAY PROMPTLY. FREQUENTLY AECAWA'S ACCOUNTS RECEIVABLE EXCEED \$100,000.00 MOREOVER, AS POSTS ARE AWARE, UNLIKE MOST COMMISSARY OPERATIONS AECAWA DOES NOT REQUIRE ITS CUSTOMERS TO MAKE DEPOSITS OR PARTICIPATING COMMISSARIES TO PURCHASE SHARES. ITS SOLE SOURCE OF WORKING CAPITAL IS SALES. THIS SOURCE HAS PROVEN INSUFFICIENT, UNDER PRESENT CONDITIONS.

3. SEVERAL MONTHS AGO APPLICATION WAS MADE TO THE CENTRAL COMMISSARY AND RECREATION FUND FOR A LOAN TO HELP ALLEVIATE THE CASH FLOW PROBLEM.

UNFORTUNATELY, THE DEPARTMENT WAS ABLE TO PROVIDE LESS THAN HALF THE AMOUNT REGARDED AS MINIMUM REQUIREMENTS, DUE TO UNAVAILABILITY OF FUNDS.

THE TEMPORARY RELIEF PROVIDED BY THE LOAN HAS BEEN EXHAUSTED AND NEXT

MONTH REPAYMENTS WILL BEGIN. THEREFORE, AECAWA IS INITIATING THE FOLLOWING PROCEDURES WITH SEPTEMBER 1 EFFECT:

(A) ACCOUNTS OUTSTANDING FOR MORE THAN 30 DAYS WILL BE CHARGED TWO PERCENT PER MONTH ON UNPAID BALANCES

(B) ORDERS WILL NOT BE FILLED FOR POSTS WITH ACCOUNTS MORE THAN 90 DAYS IN ARREARS.

(C) THE MARK-UP ON ALL GOODS IS RAISED BY 10 PERCENT.

THE NECESSITY FOR THESE IS REGRETTED, BUT AECAWA HAS NO CHOICE IF IT IS TO REMAIN FINANCIALLY SOLVENT AND CONTINUE PROVIDING CUSTOMERS WITH THE RANGE AND QUANTITY OF MERCHANDISE EXPECTED. SHOULD THE FINANCIAL SITUATION IMPROVE, EVERY EFFORT WILL BE MADE TO RETURN THE MARK-UP TO ITS FORMER LEVEL.

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4. YOUR COOPERATION AND UNDERSTANDING SOLICITED.  
CROSBY

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